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TO RHEHNSC/NSC WASHDC PRIORITY
RUEHC/SECSTATE WASHDC PRIORITY 0304
INFO RUCNIRA/IRAN COLLECTIVE PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

S E C R E T SECTION 01 OF 02 LONDON 002778

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TAGS: [CJAN](#) [ECON](#) [EFIN](#) [PINS](#) [PREL](#) [PTER](#) [KFIN](#) [IR](#) [UK](#)
SUBJECT: IRANIAN IMPORTERS/EXPORTERS: HAVING MORE PROBLEMS
WITH FINANCING, BLAME USG-LED FINANCIAL MEASURES Classified By: Political Counselor Rick Mills for reasons 1.4 (b) and (d)

1. (S/NF) Summary: Iranian importers and exporters are encountering ever-greater problems, in all regions including China, in obtaining trade
2. (S/NF) An Iranian-American contact (please protect) who lives in both the U.S. and UK and has close business and personal links to the Iranian
-- Letters of Credit (LOC's) for imports into or exports from Iran are increasingly hard to get for trade transactions of any kind even relatively
-- The increasing difficulties of financing Iran trade apply to all sectors and to trade with all regions, including South and East Asia, and China
-- The terms in LOC's from some Chinese banks are increasingly disadvantageous for Iranian payees;
-- Commercial transactions for Iranian imports and exports increasingly are financed off the books and are frequently in cash, including for trade
-- Such financing while feasible is, according to the contact, necessarily very small-scale; and
-- Dubai is, overwhelmingly, the epicenter for such off-the-books and/or cash-based trade; Unusual Chinese Letters of Credit -----
3. (S/NF) Some Chinese banks in their recent LOCs are using clauses and language the contact deemed "new and unusual" in the banking industry
USG Financial Measures Frustrate, Incense Iranian Businessmen -----
4. (S/NF) Poloff's contact said the above information and insights came from close banking associates involved in trade financing and from another
5. (S/NF) Contact is habitually dismissive with Poloff of all aspects of U.S. policy on Iran, has substantial financial equities in U.S.-Iranian
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